



Culture and Leisure Overview and Scrutiny Committee

Thursday, 28th November 24

Report of Debbie Roberts, Chairman of
LeisureSK Ltd

LeisureSK Ltd – Business Plan 25/26 and Request for funds 25/26

Report Author

Debbie Roberts, Chairman LeisureSK Ltd

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Purpose of Report

To provide an update regarding the performance, budget position of LeisureSK Ltd with its draft business plan for 2025/2026.

Recommendations

That the Committee:

1. Notes the update regarding the performance of LeisureSK Ltd.
2. Endorses the Business Plan for LeisureSK Ltd for one year 2025-2026
3. Recommends that a budget of £150,000 is proposed for 2025/26 in order to stabilise the cashflow of LeisureSK Ltd on a temporary basis.

Decision Information

Does the report contain any exempt or confidential information not for publication?

Yes - Exempt Appendix 1A and 2 - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act

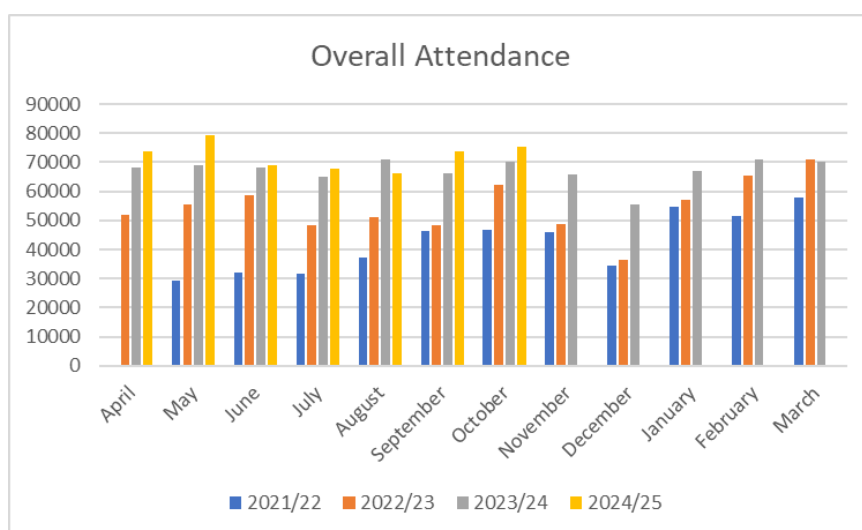
1. Background to the Report

Performance Update

- 1.1 The Council's Corporate Plan 2024 to 2027 sets out the key priorities for the Council including its leisure service. Encouraging sport and physical activity to support healthy lifestyles by reducing health inequalities and delivering a sustainable leisure offer helps to support the Council's corporate ambition and provides opportunities for improved health and wellbeing outcomes for local communities.
- 1.2 The Council's leisure current contract with LeisureSK Ltd focusses on embedding an approach that seeks to continuously improve service delivery and customer experience.
- 1.3 A new 10-year contract, specification and KPIs is currently being drafted by the Council under agency principles from the 1st April 2025. LeisureSK Ltd have therefore drafted only a one-year Business Plan until the information has been reviewed and agreed by both parties.
- 1.4 LeisureSK Ltd will continue to provide the performance information in the current specification to the Council until the Council confirm to the company the new KPIs going forward.
- 1.5 As part of the performance update some of the KPIs are going to be considered at this meeting under another agenda item therefore these won't be replicated but at the last committee there was a request for attendance information from when LeisureSK Ltd's contract commenced (2021/2022). The combined information for all three centres is as follows: -

	April	May	June	July	August	September	October	November	December	January	February	March
2021/22		29287	32159	31518	37140	46437	46908	45984	34527	54721	51394	58008
2022/23	51852	55367	58783	48347	51102	48259	62168	48571	36270	57083	65461	70815
2023/24	68353	68811	68307	64843	70788	66054	70019	65808	55462	66868	70811	70029
2024/25	73766	79173	68865	67948	66106	73836	75280					

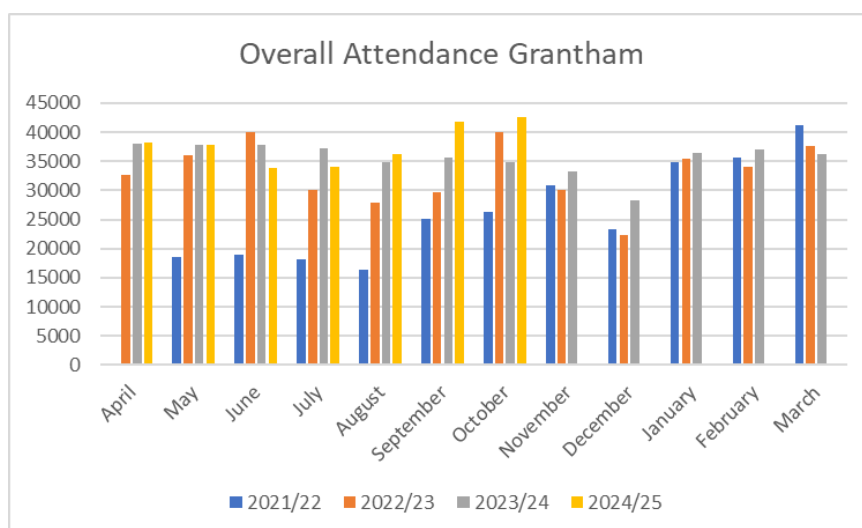
1.6 The graph below shows a combination of attendance at all three sites.



1.7 For Grantham Meres specifically the attendance information is as follows: -

	April	May	June	July	August	September	October	November	December	January	February	March
2021/22	0	18615	18961	18135	16368	25103	26343	30770	23323	34893	35707	41166
2022/23	32579	36039	39937	30059	27914	29706	39934	30005	22280	35349	33988	37629
2023/24	38002	37911	37911	37217	34885	35610	34771	33320	28344	36489	36969	36213
2024/25	38204	37914	33871	34114	36158	41828	42500					

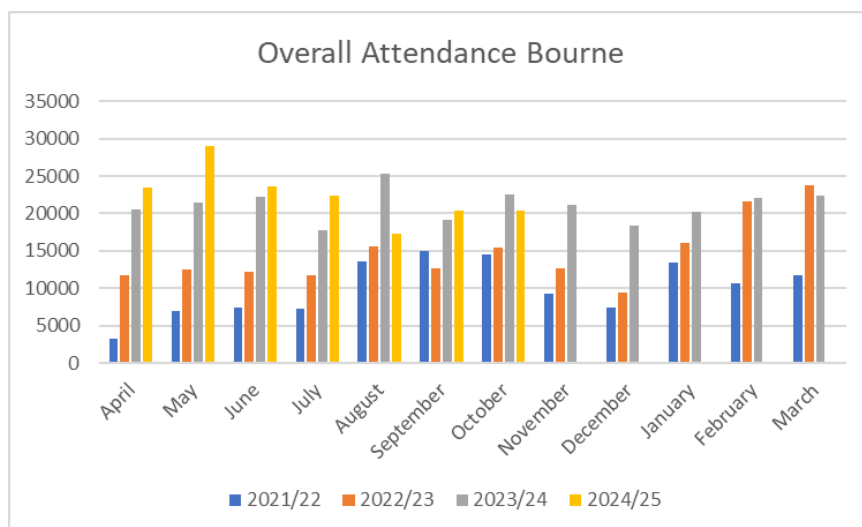
1.8 The graph below shows the information for the Meres: -



1.9 Bourne Leisure Centre specifically information is as follows:-

	April	May	June	July	August	September	October	November	December	January	February	March
2021/22	3297	6937	7409	7262	13651	14988	14576	9338	7436	13432	10700	11733
2022/23	11794	12433	12223	11799	15625	12656	15442	12696	9393	15991	21598	23732
2023/24	20588	21465	22193	17748	25336	19209	22538	21234	18372	20173	22094	22459
2024/25	23453	29052	23682	22401	17239	20325	20352					

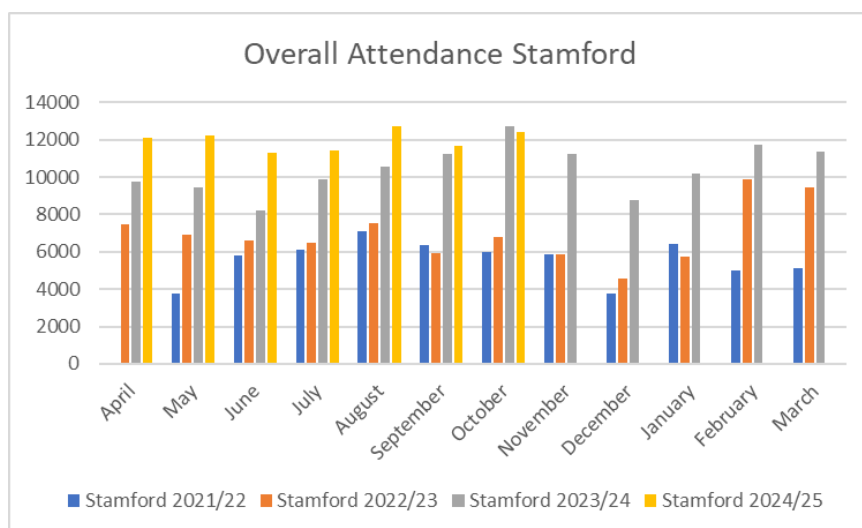
1.10 The graph for Bourne Leisure Centre is as follows: -



1.11 The attendance information for Stamford Leisure Pool is as follows: -

	April	May	June	July	August	September	October	November	December	January	February	March
2021/22	0	3735	5789	6121	7121	6346	5989	5876	3768	6396	4987	5109
2022/23	7479	6895	6623	6489	7563	5897	6792	5870	4597	5743	9875	9454
2023/24	9763	9435	8203	9878	10567	11235	12710	11254	8746	10206	11748	11357
2024/25	12109	12207	11312	11433	12709	11683	12428					

1.12 The graph for the information for Stamford Leisure Pool is as follows: -



1.13 Fitness memberships increased from 3,714 to 3,809 (as of September 2024), an increase of 95 (2.6%). Stamford increased by 45 (5.6%), Bourne increased by 42 (2.9%) and Grantham increased by 8 (0.6%).

- 1.14 Swim school increased from 3,522 to 3,592 (as of September 2024), an increase of 70 (2%). Stamford increased by 32 (3.9%), Grantham increased by 40 (2.5%) while Bourne decreased by 2 (0.2%).
- 1.15 The Board have been reviewing the levels of usage and comparing to pre-Covid levels for memberships. Bourne is the only centre that has recovered, and exceeded its pre-Covid membership levels, although Stamford is close. Grantham has not recovered to its pre-Covid levels with membership 30% lower.
- 1.16 This can be partly explained as it has the most significant competition of the three centres, but the Board have also noted that the gym is 8 years old, the lifecycle is normally 6 - 8 years and is therefore at the point where refurbishment is needed, to both maintain existing and, as seen with Bourne, increase new memberships.
- 1.17 The Board is therefore reviewing the options and business case for investment into the gym at Grantham with the Council and it may be that the Board write to the Council to request a loan for the provision of new gym equipment. The structure of the loan would be based on the previous decision for the replacement of gym equipment at Bourne Leisure Centre.([Agenda for Cabinet on Thursday, 22nd September, 2022, 10.30 am | South Kesteven District Council](#)).
- 1.18 Prior to the previous Committee meeting on the 3rd September 2024 it was requested that the three Quest reports for the leisure centres were circulated which included an action plan for each Centre. LeisureSK Board of Directors review the action plans as part of the forward plan of agenda items. The link to the previous reports for information [Agenda for Culture and Leisure Overview and Scrutiny Committee on Tuesday, 3rd September, 2024, 10.30 am | South Kesteven District Council](#).

Business Plan 2025-2026

- 1.19 As part of the scrutiny of the draft Business Plan for LeisureSK Ltd 2025-2026 it is to be noted that this is for one year only and it is proposed that a 5-year plan will be presented to the committee in November 2026 once the new contract and KPIs for delivery of leisure services has been drafted and agreed by the Council under the new principles, and shared with the company.
- 1.20 The draft Business Plan 2025-2026 is Appendix 1 to this report with an exempt financial statement at the back of the plan.
- 1.21 The draft Business Plan 2025-2026 has been approved by the Board of Directors and has been issued by the company to the Council for endorsement.
- 1.22 A management fee of £450,000 was confirmed to be paid to LeisureSK Ltd for the financial year for 2024/25 following approval by Council on 29 February 2024.

- 1.23 LeisureSK Ltd has worked alongside the Council's Finance Team to ensure that the forecasting of the budget and the actual costs are as closely aligned as possible. The original and revised budgets for the Company for the year 2024-2025 are shown in **Exempt Appendix B**.
- 1.24 The LeisureSK Ltd budget for 2025-2026 has been prepared using Agency model assumptions in consultation with the Board of Directors and Council Officers.
- 1.25 The Committee received all of the information regarding the agency model principles as part of the 3rd September 2024 meeting ([Public Pack](#))[Agenda Document for Culture and Leisure Overview and Scrutiny Committee, 03/09/2024 14:00](#)) where it was included in the financial year 2023/24 the amount of VAT which was irrecoverable was £341,788 and this is forecast to be £354,186 for the current financial year 2024/25. This plus the stabilisation of utility costs and the implementation of energy efficiency improvements at all three leisure centres have meant that company costs have decreased.
- 1.26 In addition, the Agency model principles result in the removal of irrecoverable VAT, which means the Company will not require a traditional management fee in its budget 2025/26. Instead, the budget includes a working cashflow stabilisation allocation of £150,000, to be paid to LeisureSK Ltd on the 1st April 2025 to assist with anticipated cashflow issues resulting from the transitioning to the new agency model. This sum will be recouped by the Council over the course of the financial year.
- 1.27 It is worth noting, the continuing improvement in the current financial position of the Company, which is discussed at each Board meeting. The Company is predicting a small profit this financial year and also forecasting a profit for 2025-26 which under the agency principles would be returned to the Council.
- 1.28 The current cash flow does however still show the Company in a deficit position before the end of this financial year, although the position is much improved from that previously reported.
- 1.29 The Company is in the process of discussing options with the bank to manage the position, rather than requesting an additional payment from the Council. The Company will require both Board and Council approval to enter into an arrangement with the bank.
- 1.30 The Board of Directors for LeisureSK Ltd are seeking endorsement from the Committee for the Annual Business Plan 2025-2026 and the sum of £150,000 be included as part of the budget setting process to be paid to the Company on the 1 April 2025.

2. Key Considerations

- 2.1 The contract between the Council and LeisureSK Ltd remains in place until 31st March 2025 under its current terms.
- 2.2 LeisureSK Ltd is committed to supporting the Council achieving its ambitions of having a sustainable leisure and cultural offer as per the new Corporate Plan 2024-27.
- 2.3 That a longer term Business Plan can be presented to the Committee next year once the specification, KPIs and new contract under the agency principles has been reviewed and entered into.

3. Appendices

- 3.1 Appendix A – Draft Business Plan 2025-2026 with exempt appendix 1A – Financial Information.
- 3.2 Exempt Appendix 2 - Original and Revised Budget 2024-2025